

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 CIAE-00 INR-10 NSAE-00

RSC-01 TRSE-00 USIA-15 PRS-01 OMB-01 DRC-01 /061 W

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R 132228Z DEC 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8122

UNCLAS LIMA 9102

EO 11652 N/A

TAGS: BEXP, PE

SUBJ: PERU-COMMERCIAL ACTION PROGRAM (FY 1974)

REF: STATE 234462

### INTRODUCTION

ATTAINMENT OF COMMERCIAL OBJECTIVES LISTED BELOW ARE SERIOUSLY INHIBITED BY PRESENT INABILITY OF EX-IM BANK TO GRANT DIRECT CREDITS TO PERU. AT PRESENT TIME U.S. SUPPLIERS ARE LOSING OUT ON MAJOR NEW INVESTMENT PROJECTS AS PREVIOUSLY REPORTED. HOPEFULLY EX-IM WILL SOON BECOME MORE ACTIVE IN PERU. IF NOT, COMMERCIAL OBJECTIVES LISTED BELOW WILL BE MORE IN NATURE HOLDING OPERATION RATHER THAN INCREASE IN SALES OR IN MARKET SHARE. RESUMPTION OF EX-IM BANK DIRECT LENDING ACTIVITY WOULD ALSO MAKE IT POSSIBLE FOR EMBASSY TO FOCUS ON SEVERAL MAJOR INVESTMENT PROJECTS NOW UNDERWAY WHICH WOULD BE SIGNIFICANT FOR U.S. EXPORT POSITION. ALSO, IT WOULD MAKE CONTACTS WITH COFIDE AND INDUPERU (DESCRIBED IN OBJECTIVE 3) MUCH MORE PRODUCTIVE SINCE CREDIT AVAILABILITY IS ALWAYS BIG POINT IN PERU. LACK OF CREDIT FACILITY ALSO INHIBITS ALL SALES OF CAPITAL EQUIPMENT VALUED OVER \$10,000 SINCE CURRENT PERUVIAN REGULATIONS REQUIRE IMPORTERS TO OBTAIN EXTERNAL FINANCING FOR AT LEAST 80 PERCENT OF FOB VALUE OF SUCH IMPORTS.

OBJECTIVE ONE: INCREASE IMPORTS OF EARTHMOVING AND MINING EQUIPMENT FROM U.S. ACTION ONE: GIVE HIGHEST PRIORITY TO  
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PROVIDING SUPPORT TO U.S. PARTICIPATION IN TECNOMIN 74' FAIR

AS RECOMMENDED BY EMBASSY TO COMMERCE. ACTION TWO: DEVELOP BY JUNE 30 A PRINCIPAL POTENTIAL AGENTS AND DISTRIBUTORS TRADE LIST FOR THIS CATEGORY TO BE USED IN CONJUNCTION WITH TECNOMIN ACTIVITIES.

OBJECTIVE TWO: INCREASE IMPORTS OF MATERIALS HANDLING EQUIPMENT FROM U.S. ACTION ONE: USING AS A BASIS THE RECENTLY COMPLETED SECONDARY MARKET STUDY ON MATERIAL HANDLING EQUIPMENT AND SYSTEMS, VISIT THE SIX LEADING NON-FISHING PROSPECTIVE CUSTOMERS FOR MATERIALS HANDLING EQUIPMENT IN THE LIMA AREA. ACTION TWO: DEVELOP AT LEAST THREE SUBSTANTIAL TRADE OPPORTUNITIES BEFORE APRIL 30.

OBJECTIVE THREE: INCREASE THE SHARE OF THE MARKET FOR METAL-WORKING EQUIPMENT. ACTION ONE: DEVELOP CONTACTS WITH THE GOVERNMENT DEVELOPMENT BANK (COFIDE) TO OBTAIN INFORMATION ON THE 15 PRELIMINARY METALWORKING STUDIES FOR THE PUBLIC SECTOR AND NINE METALWORKING STUDIES FOR THE PRIVATE SECTOR FOR WHICH COFIDE IS RESPONSIBLE IN ORDER TO DEVELOP NEW TRADE OPPORTUNITIES FOR U.S. FIRMS. ACTION TWO: ESTABLISH CONTACT WITH INDUPERU, A STATE ENTITY CHARGED WITH ESTABLISHING NEW PLANTS WITHIN THE BASIC INDUSTRIES SECTOR (INCLUDING METALWORKING), TO DEVELOP SUBSTANTIAL NEW TRADE OPPORTUNITIES.

OBJECTIVE FOUR: REALLOCATE EMBASSY'S AVAILABLE RESOURCES. ACTION ONE: REVIEW EMBASSY'S CERP REQUIREMENT AND SUBMIT RECOMMENDATIONS TO ELIMINATE ONE OR MORE CERP REPORTS AND SHIFT RELEASED MANPOWER TO COMMERCIAL ACTIVITIES. ACTION TWO: WITH ASSISTANCE OF USIS UPGRADE COMMERCIAL NEWS-LETTER FORMAT AND MAILING LIST TO MAKE IT A MORE EFFECTIVE VEHICLE FOR PROMOTING NEW U.S. PRODUCTS. ACTION THREE: ASSIGN A LOCAL COMMERCIAL ASSISTANT AS FULL TIME MARKET RESEARCH SPECIALIST. BELCHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973LIMA09102  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** LIMA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731227/aaaaatrz.tel  
**Line Count:** 93  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 234462  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** kellerpr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 NOV 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09-Nov-2001 by williad>; APPROVED <27 FEB 2002 by kellerpr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PERU-COMMERCIAL ACTION PROGRAM (FY 1974)  
**TAGS:** BEXP, PE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005